

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1211-01
Bill No.: HB 371
Subject: Salaries; Department of Corrections
Type: Original
Date: March 29, 2011

Bill Summary: This proposal establishes minimum salary requirements for all Correctional Officers and Supervisors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$38,194,853)	(\$47,768,832)	(\$48,760,020)
Total Estimated Net Effect on General Revenue Fund	(\$38,194,853)	(\$47,768,832)	(\$48,760,020)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Personnel (COA)** state the Department of Corrections is in the state's Uniform Classification and Pay System (UCP). The Uniform Classification and Pay System is established in Chapter 36 RSMo and covers over 37,000 employees in 13 state agencies. The pay plan includes a minimum and maximum rate of pay for each class of positions and intermediate rates as the director considers necessary or equitable.

The proposed legislation creates a separate and specific outline of minimum pay rates for the five Department of Corrections (DOC) pay classes based upon years of service. The UCP System does not include any form of pay increases based upon average salaries of "non-merit" system positions as this legislation proposes for Corrections Officers and Supervisors. This would require the Director of Personnel to establish a separate pay grid with basically 2-3 steps per range and a pay process for the classes in the proposed legislation.

There are no provisions in the proposed legislation that an employee be included in any other salary adjustments recommended and approved for the "other" state employees. In the FY 2012 Pay Plan Recommendations, the Personnel Advisory Board suggested a one step within-grade salary increase for all employees that rated successful or better in PERforM, as well as a General Structure Adjustment of 1% for virtually all employees. If accepted, this would result in approximately a 3% increase for almost all employees at a cost just over \$75 million, with benefits. Custody staff at the Department of Corrections were included in that recommendation. It is unclear whether the proposed legislation meant to increase pay for these employees in addition to OR in lieu of the pay plan recommendations.

For FY 2013, the proposed legislation would result in a 22% average pay increase for a specific group of approximately 5,600 employees at a cost of over \$45 million, with benefits. The table below provides further detail.

Job Title	Avg Current Salary	Avg Proposed Salary	Avg Proposed Dollar Increase	% Increase
Corrections Officer I	\$28,578	\$34,577	\$5,999	21%
Corrections Officer II	\$31,309	\$39,750	\$8,441	27%
Corrections Officer III	\$34,925	\$43,250	\$8,325	24%
Corrections Spvr I	\$39,132	\$46,750	\$7,618	19%
Corrections Spvr II	\$45,755	\$50,250	\$4,495	10%
Averages	\$29,370	\$35,739	\$6,369	22%

ASSUMPTION (continued)

In response to this proposal, COA made the following assumptions:

1. The salaries of each employee in the proposed classes will be adjusted to the pay rates in the proposed legislation the first year. Thereafter, the adjustments will be made for employees successfully passing probation in all 5 classes or reaching the 3 year mark as a Corrections Officer I. There are no provisions in the proposed legislation that these employees be included in OR excluded from any other salary adjustments recommended and approved for the "other" state employees.
2. Pay increases were calculated effective July 1, 2011 for FY 2012.
3. The original adjustments were calculated based on existing employees. A fringe benefits percentage of 28.25% was used in calculating costs.
4. As of July 1, 2010, the annual actual average salary for the rank of Trooper 1st Class was \$45,393. Seventy five percent of that average is \$34,044.75, which is lower than the \$35,000 salary suggested in subsection 1 of the proposed legislation. The proposed legislation did not specify when to calculate the average annual salary or how often to update the average. Calculations provided were based on this figure. No adjustments were included for future increases or decreases to the average annual Trooper 1st Class pay.
5. The proposed legislation provided for an annual salary increase of \$1,250 upon successful completion of the 9 month probation for the Corrections Officer I class only. An assumption was made to provide a \$1,250 salary increase for the successful completion of the 6 month probation for Correction Officer II and III and Corrections Supervisor I and II.
6. The base rates provided in the proposed legislation reflect FY11 pay rates. An assumption was made that any cost of living adjustments would be applied to the rates as provided within the Fiscal Note Summary for each projected fiscal year.
7. Calculations for FY13 and FY14 include current employees in the 5 job classes. It would be difficult to estimate the number of new hires per year, as well as the number of employees promoted within the series. As such, the calculations do not include those projections.
8. Calculations were based on the assumption that the leave progression dates for employees reflect time spent in the current job classification. The reality is that they may have been employees in other titles with the state. In order to provide a more accurate estimate, DOC would need to provide start dates for each employee in the 5 job titles included in the proposed

ASSUMPTION (continued)

legislation. This would likely increase the fiscal estimate provided.

Officials from the **Department of Corrections (DOC)** state they concur with the Office of Administration's response. DOC also stated that all salaries for corrections workers will be adjusted in the first year the proposed legislation takes effect. Thereafter, adjustments will be made for employees who successfully complete probation in all five classes or reaching the three year mark as a COI. This legislation does not state if employees would be included or excluded from other salary adjustments recommended and approved for all state employees.

The proposed legislation provides for an annual salary increase of \$1,250 upon successful completing of the 9 months probation for COIs and an increase of \$1,250 for the successful completion of a 6 month probation for CO II, CO II, CS I and CS II positions. It would be difficult to estimate the number of new hires per year in all classes that would receive these increases. Therefore, it is unknown how much this will fiscally impact the department.

Calculations were based on the average Trooper 1st class salary as provided by in OA's response. The average rate as of July 1, 2010 was \$45,393, seventy five percent of that average is \$34,044.75 which is lower than the proposed salary of \$35,000. DOC used this amount for calculating the pay increase and a fringe rate of 28.25%.

DOC's estimate is based on the FY12 budgeted positions in these five classes not including the 3% rate of inflation for FY12, receiving the salary as outlined in the proposed legislation as of July 1, 2011. See chart attached.

Job Title	GR FTEs	Avg Current Salary	Avg Proposed Salary	Avg Proposed Dollar Increase	FY 2012 (10 months) expense
Corrections Officer I	4,707	\$28,578	\$34,577	\$5,999	\$28,237,293
Corrections Officer II	631	\$31,309	\$39,750	\$8,441	\$5,326,271
Corrections Officer III	204	\$34,925	\$43,250	\$8,325	\$1,698,300
Corrections Spvr I	108	\$39,132	\$46,750	\$7,618	\$822,744
Corrections Spvr II	23	\$45,755	\$50,250	\$4,495	\$103,385
Averages	5,673	\$29,370	\$35,739	\$6,369	\$36,187,993

Job Title	IRF FTEs	Avg Current Salary	Avg Proposed Salary	Avg Proposed Dollar Increase	% Increase
Corrections Officer I	4	\$28,578	\$34,577	\$5,999	\$23,996

ASSUMPTION (continued)

If this proposed legislation were to be passed it would impact the Department's General Revenue by \$46,501,571 to unknown in FY12, \$49,333,517 to unknown in FY13, and \$50,813,522 to unknown in FY13. It would also impact Other Funds by \$30,835 to unknown in FY12, \$32,712 to unknown in FY13 and \$33,694 to unknown in FY14.

For fiscal note purposes, **Oversight** has used the information provided by the Office of Administration - Division of Personnel. Since the proposal does not have an emergency clause, Oversight will assume an effective date of August 28, 2011, which would equate to ten months of impact in FY 2012.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Costs - Department of Corrections</u>			
Personal Service	(\$29,781,562)	(\$37,246,653)	(\$38,019,509)
Fringe Benefits	(\$8,413,291)	(\$10,522,179)	(\$10,740,511)
<u>Total Costs - DOC</u>	<u>(\$38,194,853)</u>	<u>(\$47,768,832)</u>	<u>(\$48,760,020)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$38,194,853)</u>	<u>(\$47,768,832)</u>	<u>(\$48,760,020)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

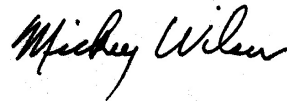
FISCAL DESCRIPTION

This bill establishes minimum salary requirements for all corrections officers and supervisors.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Corrections

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 29, 2011